

Message Text

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TO AMEMBASSY BUDAPEST

C O N F I D E N T I A L STATE 263198

E.O. 11652: GDS

TAGS: OVIP (BIRO, JOSZEF), HU

SUBJECT: BIRO VISIT TO NEW YORK CITY: SUMMARY

REF: BUDAPEST 3226

1. BIRO SPENT NOVEMBER 21-22 IN NEW YORK CITY MEETING WIT A
NUMBER OF SENIOR FINANCIAL COMMUNITY AND CORPORATE OFFICERS.
MEETINGS WERE HELD AT MANUFACTURERS HANOVER TRUST (MHT), CHASE
MANHATTAN (CM), PEPSI COLA, FIRST NATIONAL CITY (FNC), AND
ATALANTA.

2. MHT - GABRIEL HAUGE HOSTED REPRESENTATIVES OF A DOZEN
COMPANIES WITH COMMERCIAL INTERESTS IN HUNGARY. MEETING
DOMINATED BY BUNKER RAMO WHICH PLANS SUBMIT JOINT VENTURE
PROPOSAL FOR ELECTRONIC COMPONENTS IN JANUARY 1975. BIRO
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THOUGH GOH REVIEW OF PROPOSAL COULD BE ACCOMPLISHED TWO TO

THREE MONTHS AFTER SUBMISSION. CRUTCHER RESOURCES PLANS TO CONCLUDE TWO REMAINING ORNEBURG GAS PIPELINE CONTRACTS SHORTLY, AND CITED THEIR SATISFACTION IN CONTACTS WITH HUNGARIAN COUNTERPARTS. CONTROL DATA ELABORATED ON THEIR FAVORABLE EXPERIENCE WITH THEIR LONG-TERM COOPERATION AGREEMENT. TONE OF MEETING, IN GENERAL, WAS ONE OF INTEREST ON PART OF BOTH SIDES IN EXPANDING COMMERCIAL CONTACTS. HUNGARIAN EMPHASIS WAS ON JOINT VENTURES WITH CONVERTIBLE CURRENCY EARNINGS POTENTIAL.

3. CM - DAVID ROCKEFELLER REITERATED HIS BANK'S DETERMINATION TO DO ALL IT CAN TO PUSH FOR MFN.

4. PEPSI COLA - DON KENDALL PROPOSED AN ENLARGEMENT OF THEIR CURRENT AGREEMENT ALONG THE LINES OF A JOINT VENTURE. PROPOSAL WAS ALONG LINES KENDALL HAD REVIEWED WITH THE AMBASSADOR IN BUDAPEST. BIRO LATER INDICATED THAT KENDALL PROPOSAL MIGHT NOT GO FAR ENOUGH IN TERMS OF CONVERTIBLE CURRENCY EARNINGS TO INTEREST GOH. LATER, KENDALL HOSTED DINNER IN BIRO'S HONOR FOR TWO DOZEN CORPORATE EXECUTIVES.

5. FNC - NATIONAL BANK VICE PRESIDENT FEKETE HAD MET WITH THE THREE BANKS MENTIONED PARA ONE THE PRECEDING WEEK TO WORK OUT ESTABLISHMENT OF A REPRESENTATION OFFICE IN BUDAPEST. BASED ON THESE DISCUSSIONS HUNGARIANS CHOSE FNC BECAUSE OF WHAT THEY CHARACTERIZED AS THAT BANK'S HAVING THE GREATEST FLEXIBILITY IN THEIR PROPOSAL. CURRENT TIMETABLE CALLS FOR FNC TO OPEN OFFICE IN JANUARY 1975.

6. ATALANTA - ATALANTA CHAIRMAN RUBIN STATED THAT HIS COMPANY PLANS TO INCREASE THEIR PURCHASES OF HUNGARIAN MEATS AND CHEESES FROM \$11 MILLION IN 1973 TO \$30 MILLION IN 1978. HE ALSO OFFERED ASSISTANCE IN MODERNIZING HUNGARIAN FOOD PROCESSING INDUSTRY WITH EMPHASIS ON MEAT LINES.

7. IN CONVERSATIONS WITH COMMERCE ESCORT OFFICER, HUNGARIAN DELEGATION OFFICIALS EXPRESSED THEIR SATISFACTION WITH THEIR NEW YORK CITY MEETINGS. THEY WERE IMPRESSED BY THE LEVEL OF U.S. CORPORATE INTEREST IN DOING BUSINESS WITH HUNGARY AND EMPHASIZED THAT THIS INTEREST MIGHT HELP QUICKEN
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THE TIMETABLE FOR MFN. HUNGARIAN SENSITIVITIES TO MFN TIMETABLE REPEATEDLY SURFACED IN NYC MEETINGS WHERE THEY POINTED OUT TO CORPORATE OFFICIALS THEIR APPREHENSION THAT PRIOR MFN AGREEMENTS WITH THE USSR AND ROMANIA MIGHT SET PRECEDENTS FOR HUNGARIAN NEGOTIATIONS.

8. MEMCONS TO FOLLOW. INGERSOLL

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